

May 12, 2010

ITEM NO. B1

AUTHORIZATION TO AMEND ESCO CONTRACT NO. 9004 WITH SIEMENS INDUSTRY, INC. AND ESCO CONTRACT NO. 9003 WITH AMERESCO, INC. TO UNDERTAKE ADDITIONAL ENERGY CONSERVATION MEASURES AT CHA PORTFOLIO PROPERTIES.

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his authorized designee(s) to amend Contract 9004 with Siemens Industry, Inc. to increase the number of energy efficiency-related improvements to Siemens' Phase 4 work scope, which implemented heating system and domestic hot water system replacements at twenty-three (23) CHA developments in an amount not-to-exceed \$2,403,506.00, and to amend Contract 9003 with Ameresco, Inc. to undertake energy conservation work at three additional CHA locations in an amount not-to-exceed \$3,539,825.00, resulting in a total increase in the aggregate not-to-exceed compensation amount of \$5,943,331.00.

FUNDING

General Fund/Other Funds (Stimulus)

RECOMMENDATION SUMMARY

Vendor:	Siemens Industry, Inc. f/k/a Siemens Building Technologies, Inc. 580 Slawin Court Mt. Prospect, IL 60056
Contract No.	9004
Contract Type:	Energy Services Agreement
Term:	Up to twenty (20) years
Contract Amount:	\$ 21,093,397.00
Amendment Amount:	\$ 2,403,506.00
New Contract Amount:	\$ 23,496,903.00

Vendor:	Ameresco, Inc. 1900 Spring Road Oak Brook, IL 60523
Contract No.	9003
Contract Type:	Energy Services Agreement
Term:	Up to twenty (20) years
Contract Amount:	\$13,236,573.00
Amendment Amount:	\$ 3,539,825.00
New Contract Amount:	\$16,776,398.00

Siemens Industry, Inc.M/W/DBE Participation:Direct MBE 31 % WBE 10 % DBE 1 %

Indirect MBE _____ % WBE _____ % DBE _____ %

Waiver No (Yes/No)Section 3:Hiring # 1 Subcontracting \$ _____ Other Economic Opportunities x _____

(24) slots will be made available in the Siemens training program.

Ameresco, Inc.M/W/DBE Participation:Direct MBE 28 % WBE 1 % DBE _____ %

Indirect MBE _____ % WBE _____ % DBE _____ %

Waiver No (Yes/No)Section 3:Hiring # 16 Subcontracting \$ _____ Other Economic Opportunities x _____

In addition, Ameresco sponsored 30 CHA residents to participate in construction trade training provided by Coalition for United Community Action

EXPLANATION

On July 17, 2007, the Board authorized CHA to enter into Energy Services (ESCO) Contracts with Ameresco, Inc. (hereinafter "Ameresco") and Siemens Building Technologies, Inc. (now known as Siemens Industry, Inc., hereinafter "Siemens") for energy assistance services and energy related capital improvements, and authorized the CHA to negotiate capital financing to fund the ESCO Contracts with Ameresco and Siemens up to an aggregate amount not-to-exceed Sixty Million dollars (\$60,000,000.00).

Subsequent to that authorization, the CHA applied for and received HUD grant funding under the American Recovery and Reinvestment Act ("ARRA") in the amount of \$22,240,736.00 for the Capital Fund Recovery Competition Grant Funds Program (Category 4). To date, CHA has expended or is contracted to expend approximately \$34,279,970.00, which is comprised of the ARRA Category 4 grant funds, the Buy America Bond funds secured pursuant to the capital financing authorization, and CHA capital funds. The CHA now seeks to additional funding in the amount of \$5,943,331.00 for expanded deployment of ESCO conservation improvements and infrastructure for the projects referenced below at the designated CHA portfolio properties.. This request is twofold: (1) the CHA seeks to increase the number of energy efficiency-related improvements to locations and facilities included in Siemens' Phase 4 work scope, which implemented heating system and domestic hot water system replacements at twenty-three (23) CHA developments, for an original amount not to exceed \$2,403,506.00; and (2) to undertake energy conservation work at three additional locations to be performed by Ameresco, Inc. in an amount not-to-exceed \$3,539,825.00.

The cost of additional work scope items at multiple locations that CHA seeks to have Siemens perform under its ESCO contract include:

1. Domestic water pump replacements at 11 locations	\$906,307
2. Remote system monitoring at 13 locations	\$199,312
3. Yates radiant heating replacement	\$797,316
4. Trumbull pressure reducing valve (PRV) station relocation	\$231,283
5. Upgrade electrical power system at Trumbull	<u>\$269,288</u>
Total cost of additions to current work scopes:	\$ 2,403,506

The CHA received competitive proposals from Siemens and Ameresco for items 1 and 2 above. Siemens was the lowest bidder on both competitive quotes. Due to the fact that the additional work scopes contemplated in Items 3, 4 and 5 arise at properties that Siemens already has performed work and provided the CHA with performance guarantees, CHA has elected to engage Siemens for these Items, to maintain the benefits of the negotiated performance guarantees. The listed proposal amounts are negotiated prices or based on Siemens open-book price system that has been elected to maintain the validity of Siemens' performance guarantee provisions of their contract. The improvements are described below:

1. Domestic water pump replacement is to replace those existing facilities and systems at properties where it was determined that existing pumping equipment was in poor condition substantially beyond its useful life and in need of replacement. Siemens will install high-efficiency system replacements that have been projected to demonstrate a simple payback in energy savings of 17 years.
2. Remote monitoring systems will link CHA directly to the operation of the newly installed systems at the Siemens project locations via the internet. This will allow CHA to monitor operations remotely and to permit CHA to receive system alarms and act on system problems that are detected much more quickly. The benefit of this will be to improve reliability, reduce response time, and provide improved resident comfort.
3. Yates radiant heating replacement is a maintenance item that CHA did not have the funding to address during the 2005 rehabilitation. The radiant work will include the installation of baseboard heat that will be thermostatically controlled in the unit by the resident. The existing heated slab heating system provides erratic temperatures due to the lack of thermostatic control and has become a maintenance problem due to leaks that occur within the concrete slab, as the leak area must be chipped out and located so that the piping can be repaired.
4. Trumbull pressure reducing valve (PRV) station relocation is needed to address the awkward location of the PRVs that regulate steam to the heat exchangers in each mechanical room. The CHA determined that the original design was likely to result in increased maintenance due to additional pressure being placed on steam and water seals within the PRV itself. Consequently, it is the CHA's recommendation that the elements of the system be reconfigured to allow the PRVs to operate more optimally according to design intent.
5. Boiler and heating system improvements will require additional electrical power to supply increased loads. The work scope includes transformer replacement at two locations and electrical feeder replacement for two satellite boiler room locations. Work includes all necessary conduit, and wiring as needed to fully integrate with existing electrical distribution systems.

The second element of this request is to provide upgrades and improvements to heating/cooling systems and domestic hot water systems to the Lake Parc Place development (two 15-story buildings totaling 300 units), the Abraham Lincoln Center and the Taylor Park/Firman Family Center, which are CHA-owned and operated properties. We are seeking to implement these three remaining projects via the Energy Services Agreement (ESA) process (Phase 5). CHA originally selected Ameresco and Siemens to perform energy efficiency improvements using ESCO compliant ESA contracting provisions at twenty-one (21) senior properties and one (1) Family development in 2005.

The construction to implement the Phase 4 work scope commenced in June 2009, and the work at the Senior properties was largely completed by mid-November 2009. The Family development covered in this ESCO project, Trumbull Park, is a more complex decentralization project that will be completed by June 2010. These three additional properties were included in CHA's ARRA competitive grant application. These properties were part of the group identified for improvements financed in part through the HUD's American Recovery and Reconstruction Act (ARRA) Competitive Grant process, but were not originally included in the initial ESA work scope.

On April 2, 2010, CHA received proposals from both Ameresco and Siemens, and opened in the Asset Management Department ("Asset Management"). Ameresco's bid was lower than Siemens for comparable work scopes, and Ameresco is the recommended vendor. Ameresco projects a simple payback on investment of approximately 15 years based on the contract value of avoided gas consumption over the term of the agreement for Lake Parc Place, which is the only residential property of the of the three to receive improvements.

Based on the foregoing, it is in the best interest of the CHA that the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a contract amendment with Ameresco for the replacement of heating systems, domestic hot water heating systems and air conditioning systems in the amount of \$3,539,825 at Lake Parc Place, the Abraham Lincoln Center and Taylor Park, to enter into a contract modification with Siemens covering the five (5) improvements at multiple locations, in the amount of \$2,403,506 for a total aggregate amount of \$5,943,331.00.

These awards remain subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3 resident hiring, and bonding and insurance requirements.

RESOLUTION NO. 2010-CHA-61

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated May 12, 2010, entitled **“AUTHORIZATION TO AMEND ESCO CONTRACT NO. 9004 WITH SIEMENS INDUSTRY, INC. AND ESCO CONTRACT NO. 9003 WITH AMERESCO, INC. TO UNDERTAKE ADDITIONAL ENERGY CONSERVATION MEASURES AT CHA PORTFOLIO PROPERTIES.”**;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee to amend Contract 9004 with Siemens Industry, Inc. to increase the number of energy efficiency-related improvements to the Phase 4 work scope, which implemented heating system and domestic hot water system replacements at twenty-three (23) CHA developments in the amount of \$2,403,506.00, and to amend Contract 9003 with Ameresco, Inc. to undertake energy conservation work at three additional locations in an amount not-to-exceed 3,539,825.00 for a total aggregate increased funding amount not-to-exceed \$5,943,331.00. The respective projects are to be completed within one hundred eighty (180) calendar days of the date set forth in the Notice to Proceed. These awards are subject to the Contractor’s compliance with the CHA’s MBE/WBE/DBE, Section 3 resident hiring, and bonding and insurance requirements.

